



0000088509

Transcript Exhibit(s)

Docket #(s): W-02105A-08-0262

AZ CORP COM
DOCKET CONTROL

2008 SEP -9 A 11:40

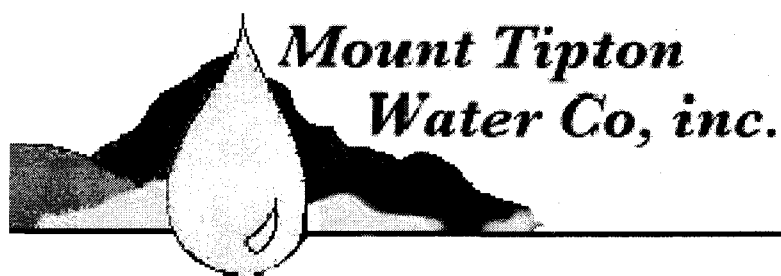
RECEIVED

Exhibit #: A1-A7, S1, S2

Arizona Corporation Commission
DOCKETED

SEP -9 2008

DOCKETED BY	
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15996 Ironwood Drive
P.O. Box 38,
Dolan Springs, AZ 86441
928-767-3713 Fax: 928-767-3053

Items To Be Completed	Cost
Controls, conduit and wire are needed on all 9 wells for automatic control.	\$13,500
Braided stainless cable for flags on all 9 wells.	\$ 500
Targets and numbers need to be painted on all tanks.	\$ 1,000
1 12x12 building to hold the filter and chlorine injection system.	\$20,000
Spring Well site needs to be re-drilled and sealed.	\$10,000
Galvanized pipe needs to be replaced at all 9 well sites.	\$25,000
New well	\$70,000
100 new water meters	\$ 3,000
Cleaning tanks	\$ 5,000
Purification System	\$25,000
Implementation of ADEQ recommendations	\$25,000
Total	\$198,000

Future Items

Replace Dolan water tanks with 500,000 gallon tanks.

Backhoe

Relocate LDS well and add larger storage tank.

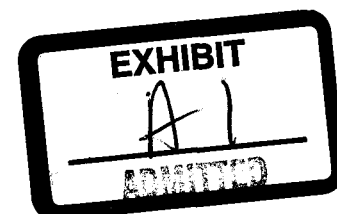
Drill new well at site on 23rd st. and put in 3 miles of new pipe.

New big bore well by Hwy 93 with million gallon storage tank.

Replace all transite pipes with plastic NSF pipe.

New wire in conduit at Chambers well along with a well house.

2 trucks, one 2 wheel drive and 1 4 wheel drive



ORIGINAL



NEW APPLICATION

Mount Tipton

Water Co, inc.

15996 Ironwood Drive, P.O. Box 38, Dolan Springs, AZ 86441
928-767-3713 Fax: 928-767-3088

Arizona Corporation Commission
DOCKETED

MAY 23 2008

DOCKETED BY *MM*

AZ CORP COMMISSION
DOCKET CONTROL

RECEIVED

MAY 23 10 15

May 8, 2008

Arizona Corporation Commission
Utilities Division
Accounting and Rates Section
1300 West Washington
Phoenix, AZ 85007

RE: Docket No. W-02103A-08-0262
Docket No.

Dear Commissioners,

The Mt. Tipton Board of Supervisors respectfully requests consideration for an emergency rate relief until we can be granted permanent rate relief.

Our need to request an emergency rate relief is based on the increasing costs of daily operations, it is necessary for this company to find a way to increase its cash flow to cover our operation expenses, and increase our water availability to our customers. We predict a burst in population due to the construction of the Hoover Dam Bypass, scheduled for 2010.

In addition, our need is based on several other situations which include, ADEQ requirements following an inspection summary (attachment A), BLM compliance requirements (attachment B), and an overall need to make necessary repairs all of which are detailed below. We had a well pump fail and in need of replacement. In order to repair it immediately, we had to pay for the repair upfront. In order to do this, Mr. Jacoby, the acting president at that time loaned Mt. Tipton Water Company the money, or we would have been out of water for our customers. Situations such as this bring hardship to the company. If another situation like this occurs, our ability to maintain service is in serious doubt.

ADEQ

- | | |
|---|-------------|
| 1. Five wells removal of galvanized pipe and fittings | \$ 7,500.00 |
| 2. Replace seals | \$ 160.00 |
| 3. Secure hatches, modify ladders and man-ways. | \$ 940.00 |
| 4. Chlorination injector valves at each well site | \$ 738.00 |
| 5. Portable chlorine injection pump and reservoir repair and installation | \$ 1,500.00 |

BLM:

- | | |
|------------------------------------|-----------|
| 1. Paint building (volunteer help) | \$ 30.00 |
| 2. Fencing slots | \$ 250.00 |

SYSTEM REPAIRS AND UPGRADES NEEDED:

- | | |
|---|-------------|
| 1. Wells: | |
| a. Well #5 need a pressure tank repair | \$ 3,500.00 |
| b. Mid range transfer pump needs rebuilding | \$ 1,900.00 |
| c. Lower tanks need rebuilt trans. pump to tie the system together labor and repair | \$ 2,800.00 |
| d. Fire hydrant needs replacing | \$ 2,724.00 |
| e. More storage is needed | |

TOTAL REPAIRS NEEDED

\$ 10,524.00 (attachment C)

EXHIBIT

A2

ADMITTED

Our system is antiquated and in need of many repairs, not listed above. We have recently repaired/replaced:

1. electrical wiring and labor on well # 7	\$1,000.00,
2. new pump, pipe and labor on well # 1	\$9,441.00,
3. replaced a meter and labor on # 3 (cost, not inv. as yet)	\$1,500.00,
4. replaced galvanized piping # 7 well,	\$1,300.00,
5. replaced and repaired water haul station	\$1,958.00
6. replaced and repaired non-potable water station	\$ 919.00

Total repairs made \$16,318.00 (attachment D)

of which \$10,399.00 is still owed to vendors. We are financially strapped, and as you are aware, we have used our offsite funding for repairs and maintenance within our system, and now have to recoup approximately \$36,000 to that fund.

We also base our need on the fact that our last rate increase was granted in 2004. With the increasing costs of electricity, propane, phone and gasoline, we are finding it harder to keep up ourselves.

Our staff is driving vehicles, which should be taken off the road. Pete Boyers, Supervisor of the Mohave County Board has been instrumental in helping us with replacing vehicles and computers for the office from their inventory, he also sends a letter of support (attachment E) in our behalf for the rate increase.

We respectfully request an emergency rate increase for \$10.00 per customer, until we are granted a permanent rate relief.

We have recently reopened both potable and non-potable water stations, and they are again bringing in revenue.

Mt. Tipton Water Company has requested information from ACC on how to proceed in an application giving Mt. Tipton Water Company permission to sell property. Selling an old office building, which is now used as rental income, would help reduce our financial problems (attachment F).

We will promptly begin preparing the rate increase packet required.

Thank you for your time and consideration in this matter. The goal of the Board of Directors for the Mt. Tipton Water Company is to become solvent, and provide the best service possible to its customers.

Sincerely,

John Janik,
President

Judy Morgan,
Manager

John Janik

Judy Morgan

A

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
Northern Regional Office
 1801 W. Route 66, Suite 117, Flagstaff, AZ. 86001

INSPECTION SUMMARY

Facility: Mt Tipton Water Co Inc	System # 08-059
Inspected By: A.T. Wilson	Date: March 15, 2007
Accompanied By: D. Waller, P Hoffman, L. Hecht	County: Mohave
Recommendations By: A.T. Wilson	Report Date: April 9, 2007
Number of Plants:	Wells: 8
Population: 2000	Service Connections: 890

The water system is in compliance with the following ADBQ requirements:

	YES	NO
Certified Operator (System Grade)	X	
Physical Facilities	X	

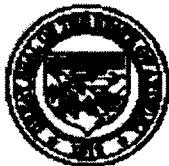
This report does not address the system's compliance with respect to the public notice, monitoring, and reporting requirements.

SYSTEM DESCRIPTION

This is a community system with eight wells, 10 storage tanks, pressure station, one pressure tank, 3 POBs and a distribution system. The standpipe has been disconnected.

DEFICIENCY(S) AND RECOMMENDED CORRECTIVE ACTIONS

1. Remove all galvanized pipe and fittings from the system. Replace with NSF approved materials.
2. Well # 6; The site requires security fencing and signage. Signage must identify the system, the site and provide an emergency contact (24 hour) telephone number. NOTE: This type of signage needs to be added to every site.
3. Dohen and Midrange tank sites; Replace the target gauge scales.
4. All tanks, secure and screen all overflow lines with measures sufficient to stop insect and rodent penetration.
5. Insure that all access hatches are gasketed and securely locked. Modify access ladders, man-ways, etc. to prevent casual access.
6. Midrange tanks; repair / replace the pressure station pump that is down.
7. Upper tanks; South tank, repair the bullet-strike dimples, also repair the damaged internal liner which has resulted from the dimples. (This can wait until the next time the tank is serviced, but will result in potentially sever rust points on the inside.
8. Install injector valves at all well sites to enable chlorination in the event of a positive sample from the source. Obtain a portable chlorine injection pump and reservoir and chlorine to have immediately available when needed.



Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

1110 West Washington Street • Phoenix, Arizona 85007
(602) 771-2300 • www.azdeq.gov



Stephen A. Owens
Director

April 9, 2007

Inspection ID: 99905

Mt Tipton Water Co Inc
Attn: Kelly Schwab
PO Box 85
Dolan Springs, AZ 86441-


RE: Mt Tipton Water Co Inc, PWS 08-059, Place ID 5776

Dear Mr. Schwab:

Please find enclosed a copy of an operation and maintenance inspection report for the above referenced facility. The inspection was performed on March 15, 2007, in accordance with Arizona Administrative Code R18-4-101, et sequi, R18-5-101, et sequi, and Arizona Revised Statutes 49-101, et sequi. The report may include a summary of inspection, checklist and inspection rights form, or other information regarding the facility.

If there are any questions please contact A.T. Wilson at the referenced address, or at 928-773-2708.

Sincerely,


Robert Olberding
Manager, Field Services,
Northern Regional Office
Arizona Department of Environmental Quality

Northern Regional Office
1801 W. Route 66 • Suite 117 • Flagstaff, AZ
86001
(928) 779-0313

Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ
85701
(520) 628-6733



Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

1110 West Washington Street Phoenix, Arizona 85007
(602) 771-2300 www.azdeq.gov



Stephen A. Owens
Director

CERTIFIED MAIL
Return Receipt Requested

Case ID #: 81686

April 12, 2007

Kelly Schwab
PO Box 86
Dolan Springs, AZ 86441-0086

Subject: Opportunity to Correct Deficiencies
Mount Tipton Water Company, Place ID 5778
Canyon Dr & 6th St / Dolan Springs, AZ 86441

Dear Schwab:

The Arizona Department of Environmental Quality (ADEQ) has reason to believe that Kelly Schwab as the owner/operator of Mount Tipton Water Company may be in violation of Arizona's environmental requirements. The purpose of this letter is to update you on the status of ADEQ action resulting from an ADEQ inspection as required by A.R.S. §41-1009(H), and to allow you an opportunity to correct these deficiencies without enforcement by ADEQ. An ADEQ inspection of the facility completed on March 15, 2007 revealed the following:

1. **A.A.C. R18-4-119(B)**

Failure to ensure that a material or product that comes in contact with water or with water treatment chemicals conforms with American National Standards Institute / NSF International Standard 61-1507(b).

Galvanized pipe and fittings are found at several places within the system.

To establish compliance:

1. Within 60 calendar days of receipt of this letter, please submit evidence that all galvanized materials have been removed from the system.

Please review the above and submit a written response to:

Arizona Department of Environmental Quality, Attention: Andy T. Wilson, NRO Field Services East Unit, 1801 W. Route 66, Suite 117, Flagstaff, AZ 86001 MC: R2000F

ADEQ may verify compliance by on-site inspection or other appropriate means. Within 30 days of receipt of your response to this letter, ADEQ will notify you whether the facility is in substantial compliance.

Northern Regional Office
1801 West Route 66 Suite 117 Flagstaff, AZ 86001
(928) 779-0318

Southern Regional Office
400 West Congress Street Suite 433 Tucson, AZ 85701
(320) 628-6733

Printed on recycled paper

Mount Tipton Water Company
April 12, 2007
Page 2

Although ADEQ has the authority to issue appealable administrative orders compelling compliance, this letter has no such force or effect. Your point of contact for resolution of these deficiencies will be Andy T. Wilson who can be reached at (928) 773-2708. Please contact him/her if you have any questions about this letter or need additional guidance.

Sincerely,


Matthew L. Capalby, Manager
Northern Regional Office


Andy T. Wilson
NRO Field Services East Unit

Printed on recycled paper



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Kingman Field Office

2755 Mission Blvd.

Kingman, Arizona 86401

www.blm.gov/az/

January 16, 2008



In Reply Refer To:

2800 (310)

AZA 6178

AZA 6179

AZA 29467

CERTIFIED MAIL - RETURN RECEIPT REQUESTED 5504 3634

Ms. Jody Morgan
Mount Tipton Water Company
Post Office Box 38
Dolan Springs, Arizona 86441

Dear Ms. Morgan:

In December of last year you contacted Andy Whitefield of my staff concerning information on rights-of-way granted to Mount Tipton Water Company (Mount Tipton Water) for a pipeline (AZA 6178), water storage tanks, access road and pipeline (AZA 6179), and well (AZA 29467). I will address each of these items below.

In regards to your request as to Mount Tipton Water being in compliance with the terms and conditions of these rights-of-way grants, on December 14, 2007, Mr. Whitefield inspected the water tank site (AZA 6179) and the well site (AZA 29467). The facilities at both of these were found to be out of compliance with the color specifications which are supposed to minimize the contrasts of these facilities with the surrounding landscape. Specifically, these are item 9 of Exhibit B, Amendment #1 of AZA 6179 and items 4 (j) and (k) of AZA 29467 (copies enclosed). Following his inspections of these sites Mr. Whitefield met with you to go over these. In order to correct these deficiencies Mount Tipton Water will have to do the following:

- Due to the costs of painting the water tanks authorized under AZA 6179 which I understand would put a financial burden on Mount Tipton Water and the residents of Dolan Springs served by the company, I will not require the tanks be immediately repainted. However, the next time these require painting they must be painted so as to blend in more with the landscape. I am enclosing a paint color that would be satisfactory. The paint must be flat to reduce reflectivity. If Mount Tipton Water would like to choose another color, it would have to meet my approval. I would appreciate Mount Tipton Water's cooperation in this matter.

2

- In regards to the painting requirements of structures higher than three feet and the slats that are required of the chain link fence authorized under AZA 29467, you have 90 days from the receipt of this letter to perform these measures as specified in the grant. Please note that the color of these must be medium brown and the finish must be flat.

Another item that needs to be addressed is term and condition 4 (n) of AZA 29467, concerning Mount Tipton Water's requirement to provide the Bureau of Land Management (BLM) with a record of monthly pumping rates and total water usage. I appreciate the recent efforts of your board to supply the records that are available, however for the future I will need more accurate records and will expect that these be filed by December 31 of each year as specified in the grant.

All other terms and conditions of these rights-of-way are currently met.

No inspection was made of right-of-way AZA 6178 since there are no site specific terms and conditions. In reviewing the file, Mr. Whitefield informed me that Mount Tipton Water is in full compliance with all terms and conditions of this right-of-way. Since no map is included with this right-of-way, you had requested clarification as to where this pipeline is authorized. I am enclosing a map showing this. Also, to clarify a question you had and to ensure that Mount Tipton Water has this information in its records, in order to extend this pipeline through other public lands, Mount Tipton Water would have to file for and receive an amendment to this right-of-way.

Also, you had requested that Mr. Whitefield look through the rights-of-way files for any information as to the approved boundary of the water company. The only information is a letter from Mount Tipton Water received in May of 2001 stating that it was proposing forming a domestic water improvement district and the proposed boundary would unavoidably include BLM administered public lands. This letter requested we provide a form to be filled out by Mount Tipton Water for our approval. The files for these rights-of-way do not have an answer to this letter and I am unaware of any such form that the Bureau uses. Any decisions as to the boundaries of a domestic water improvement district should be handled according to the proper governing body, which I believe in this case is the county, and it must be understood that these public lands would still be governed under Federal laws, regulations, and policy unless they be conveyed out of Federal ownership. I am enclosing a copy of Mount Tipton Water's letter of May 2001 and its attachments in case you do not have it in your records.

In conclusion, and in reference to an issue that has been discussed recently concerning the use of Detrital Well to supply water for the proposed detention facility that may be located in the Dolan Springs area, I would just like to mention that in order for this to happen, or for Mount Tipton Water to construct a pipeline to serve other customers from this well, the BLM would have to evaluate this proposal upon receiving an application for such a system. I bring this up because it seems to be a perception that Mount Tipton "owns" the well. As I hope Mount Tipton understands, the United States maintains title to the well and has granted Mount Tipton a right-

3

of-way for the use of water to supplement its current water system via hauling with water trucks and no right-of-way has been granted for a pipeline. As per your request I am enclosing an application for a right-of-way so that if Mount Tipton Water wishes to build a pipeline to incorporate the well into its water system it may submit this for our review. I am also enclosing information on obtaining a right-of-way, including information regarding a plan of development for a pipeline, for your use in completing the application.

If you have any further questions regarding these matters, feel free to contact Mr. Whitefield at (928) 718-3746.

Sincerely,


Ruben A. Sanchez
Field Manager

Enclosures

PROPOSAL

Total..... **2724.18**

3-10-08

To Mt Tipton Water Company

Remove two disconnects, starter, conduit, boxes and wiring for transfer pumps on Tomlin Station.

Install two disconnects, new NEMA 2 Box, mount 2 starter (for pumps) rerun conduit, install wiring from disconnects to starters to motors.

Re route main load power from second metered power to primary metered power.

Reconnect 120 volt power for lights and receptacle in room.

Test all new electrical connections and test run motors for pumps to check operation and rotation.

Remove wiring from secondary power and abandon service.

Total including all parts and labor
one thousand dollars ¹⁰⁰ \$1,000⁰⁰

Eddie Duncan

SHORT ENTERPRISES, L.L.C.
aka: ARTHUR'S SALES & SERVICE
 523 East Andy Dwyer Ave.
 KENICMAN, ARIZONA 86001
 (928) 763-8846 R.O.C. - 174874

CUSTOMER'S ORDER NO.		PHONE		DATE 4-10-09	
NAME MT Tipton Water Co.					
ADDRESS					
re. #1 Well					
PAID BY	CASH	C.O.D.	CHECK	CN ACCT	PAID OUT
			X		
1	777 Hawk note, sawyer			7.60	00
	labor to install			1.70	00
40 mi	mileage fee (pickup)			2.00	00
				10.30	00
				TAX	39 41
RECEIVED BY				TOTAL	1048 41

16817

All claims and returned goods
 MUST be accompanied by this bill.

PRODUCT 881

Thank You!

INVOICE

Box 1703
Dolan Springs

304422

SOLD TO		SHIP TO	
MT Tipton Water			
ADDRESS		ADDRESS	
CITY, STATE, ZIP		CITY, STATE, ZIP	
CUSTOMER ORDER NO.	SOLD BY	TERMS	F.O.B.
			DATE

ORDERED	SHIPPED	DESCRIPTION	PRICE	UNIT	AMOUNT
		Replace Galvanized			
		Pipe From Pump Head			
		in stall new meter			
		Burris Pipe To Pmc			
		Meter			765
		material			308
		labor			400
					1563

D4



T. & F. Enterprises, Inc.

CONSTRUCTION • WRECKING

RDC043272 - RDC109908 - RDC185056
C-02 A-12 K-57



(928) 767-3477
Phone & Fax

P. O. Box 8
DOLAN SPRINGS, ARIZONA 86

March 13, 2008

Nt Tipton Water Co., Inc.
P. O. Box 38
Dolan Springs, Arizona 86441

D5

RE: Nt Tipton Water Hauler Station On Tom White Drive.

3-02-08 -	Locating remaining parts for station. 2 hrs. labor \$20.00 per hr.	\$ 40.0
3-02-08 -	Purchase parts in Kingman at Armour Pipe Supply for reassemble of water station, bring it up to ADEQ specs. material:	
	1- black iron nipple 3'X2"	112.0
	2 hrs. labor \$20.00 per hr.	22.0
		40.0
3-03-08 -	Rebuild water meter. 6 hrs. labor \$20.00 per hr.	120.0
3-03-08 -	Disassemble & reassemble, removing galvanized pipe, fittings, bad valve. 12 hrs. - labor \$20.00 per hr.	240.0
3-06-08	Weld & fabricate jack stands, anchors & braces installed. material:	
	1 - angle brace	
	2 - 2" pipe jacks	
	1 - 3" flat pipe plate support	50.0
	2 hrs. hrs. labor \$20.00 per hr.	40.0
3-07-08, 09, 10, 11, -08	Rebuild clayton solenoid valve 2 hrs. labor \$20.00	40.0
	Cut & thread main 2" feed pipe. 2 hrs. labor \$20.00	40.0
	Rewire electrical, installing electric box, new outside light, switches, plugs, wire, inside braker box. material:	
	misc. electrical parts, coated wire, etc.	60.0
	5 hrs. labor \$20.00 per hr.	100.0
Sub-total	\$ 904.0

T. & F. Enterprises, Inc.

March 13, 2008

Page 2

Rebuild quarter dispenser.	
2 hrs. labor \$20.00 per hr.	\$ 40.00
Reroof building.	
material:	
roofing material, mastings, nails, etc.	40.00
3 hrs. labor \$20.00 per hr.	60.00
Reside building, reinsulate voids..	
material:	
siding & screws	20.00
4 hrs. labor \$20.00	80.00
Reinstall signs.	
1/2 hr. labor \$20.00	10.00
Repaint building outside & trim.	
material:	
1 quart blue paint, 4 quarts white paint	18.00
2 1/2 hrs. labor \$20.00	50.00
Paint posts, dig holes, place posts, NOTE -	
Water Company needs to concrete posts.	
material:	
4 - backhoe posts	40.00
2 hrs. labor \$20.00 per hr.	40.00
Reset quarter dispenser & gallonage	
1/2 hr. labor \$20.00 per hr.	10.00
Locate 2" cut off valve.	
4 hrs. backhoe \$65.00	260.00
10 hrs. labor \$20.00	200.00
Backfill & clean up.	
1 hr. backhoe \$65.00	65.00
Build water valve box.	
material:	
14 - 8X8X16 blocks	36.00
2 hrs. labor \$20.00 per hr.	40.00
Make box cover out of plate steel.	
material:	
1/4" steel plate	25.00
1 hr. labor \$20.00	20.00
Total bill	\$7,958.00



T. & F. Enterprises, Inc.

CONSTRUCTION • WRECKING
 R0C045272 - R0C109908 - R0C185086
 C-02 A-12 K-57



(928) 767-3477
 Phone & Fax

P. O. Box 2
 DOLAN SPRINGS, ARIZONA 86441

April 16, 2008

Mt Tipton Water Co., Inc.
 P. O. Box 38
 Dolan Springs, Arizona 86441

D 6

Re: Stand Pipe Statement

Price of stand pipe bld	\$700.00
Approved 4-04-2008 special meeting	
Installation of 4" valve not on bid	
4 hrs. labor \$25.00 per hr.	100.00
4"X6" nipple for valve	20.00
Re-plumb water inlet pipe	
3 - 2" 90 elbows PVC	6.00
1 - 2" coupler PVC	2.00
1'X2" PVC pipe nipple	1.00
1 hr. labor \$25.00 per hr.	25.00
Build water truck fill pad and approach, not on bid	
1 hr. backhoe	65.00
Total cost of stand pipe installation at spring tank, completed 4-15-08	\$919.00

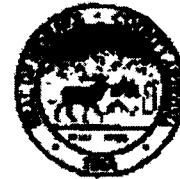
May. 2. 2008 10:40AM SUPERVISER BYERS

No. 1381 P. 2

MOHAVE COUNTY BOARD of SUPERVISORS

P.O. Box 7000 700 West Beale Street
Website - www.co.mohave.arizona.us

Kingman, Arizona 86403-7000
TEL - (928) 738-0720



District 1
Pete Byers
(928) 733-0722
Fax (928) 738-0855
e-mail: pete.byers@co.mohave.arizona.us

District 2
Tom Sockwell
(928) 738-0713

District 3
Dexter D. Johnson
(928) 483-0724

April 25, 2008

Mike Gleason
Chairman
Arizona Corporation Commission
1300 W. Washington St. 1st Floor
Phoenix, AZ 85007-2929

Dear Chairman Gleason,

I am asking for your assistance in an important matter for some citizens in my district. I am not speaking for the complete Mohave County Board of Supervisors, but only for myself as Dist. 1 supervisor and our shared constituents.

The Mount Tipton Water Company is a very necessary service provider for the people of the Dolan Springs area. The area's water delivery infrastructure leaves a lot to be desired. And, unfortunately, the company has had some bad management in the past.

Now, both the company and the people they serve are in trouble. Mount Tipton Water Company is on the edge of bankruptcy. They owe close to \$78,000 in back taxes, which cannot be forgiven. The only way we can get them back on track is through your assistance.

They have 746 meters. An emergency surcharge of \$10 per meter would help them take care of their back taxes. Once that is paid off, we at the county could help them reorganize and save that water utility. We could then reach out and try to get them some grants to get them back on their feet.

If they don't get this emergency relief, by the time they would get a rate case together, it would be too late. Only the Arizona Corporation Commission has the ability to allow them to place this \$10 surcharge lifesaver. The majority of the Dolan Springs community is behind this effort. Of course, there are always going to be a few who don't want to pay for anything, but they will be the first to complain when they come up dry.



P.O. Box 38, 15956 Ironwood Drive, Dohen Springs, AZ 86441
928-767-3713 Fax: 928-767-3053

May 7, 2008

Arizona Corporation Commission
Compliance Division
1300 W. Washington
Phoenix, Arizona 85007-2996

RE: Docket No. W-42105A-04-0000
Docket No. W-42105A-03-0303 and Decision No. 67162

Dear Commissioners,

The Mt. Tipton Water Company, Inc. is considering liquidating some of its assets and liabilities in order to reduce its indebtedness and become a solvent company.

Mt. Tipton Water Company, Inc owns a rental building, which if sold, could reduce our indebtedness. With the escalating costs of maintenance, utilities, insurance and taxes, we find this building not to be cost effective. Mt. Tipton Water Company, Inc was at one time two separate companies, with two separate offices. Once combined, there was no need for two offices, and one was divided into two units and each was rented. If sold, this property we are considering selling, would not effect the daily operations of the Mt. Tipton Water Company, Inc.

This property is collateral on our WIFA loan, and is subject to release if sold, but it was explained to us that we must first go through the approval process with Arizona Corporation Commission. When visiting the Arizona Corporation Commission website, I found a form, but it doesn't pertain to us at this time, because we do not yet have a buyer.

Please advise us in what the process Mt. Tipton Water Company, Inc must follow.

We thank you for your consideration in this matter.

Sincerely,

Judy Morgan, Manager



15996 Ironwood Drive P.O. Box 38, , Dolan Springs, AZ 86441
928-767-3713 Fax: 928-767-3053

Docket Control Center
Arizona Corporation Commission
1200 West Washington St.
Phoenix, AZ 85007

Re: Docket No. W-02105S-08-0262
Mt. Tipton Water Company

Please find enclosed a copy of the letter that was sent to all Mt. Tipton Water Co. customers as required for our emergency rate increase request.

Please note we are also enclosing a copy of the Staff Report and receipt for the mailing of the letter.

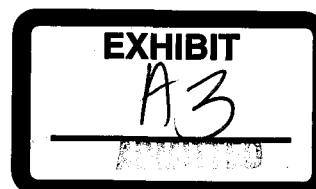
If you should have any questions please do not hesitate to contact me.

Thank you very much.

Sincerely,

Charlotte Cleveland
Mt. Tipton Water Co.

Cc: John Janik
President




[Feedback](#) | [Personal Profile](#) | [Logout](#)

Restricted Information

[Transactions](#) > Postage Statement Processing

Today's Date: 08/04/2008

First-Class Mail - Permit Imprint ▶ Receipt

Final			
3600	POSTAL SERVICE STATEMENT OF MAILING/3607 WEIGHING AND DISPATCH CERTIFICATE		TRANS # 200821718132498M0 CAPS TRANS NO: N/A
Postage Statement: 57470347	Mailer's Job#:		
MOUNT TIPTON WATER CO PO BOX 38 DOLAN SPRINGS AZ 86441-0038			FINANCE NUMBER: 034440
STATION OR UNIT:	KINGMAN, AZ (0943A)		PERMIT NO: 115
DATE OF MAILING 08/04/2008	CLASS First-Class	PROC CAT Letter	TYPE PI
WEIGHT OF SINGLE PIECE (LBS) 0.0054	TOTAL PIECES 743	TOTAL POUNDS 4.0100	Customer Reference ID _____ CAPS Acct No: _____
MAILED FOR: PERMIT NO. _____ NAME: _____			
CONTAINERS 1	AMOUNT FROM TRUST: \$200.61		
VERIFICATION SUMMARY: No verification required.			
SIGNATURE OF WEIGHER	LKM DATA PROCESSED BY	 RECEIVED FOR PROCESSING BY	
COMMENTS:		BEGINNING BALANCE: \$640.28 ENDING BALANCE: \$439.67	
mailing has been inspected concerning: (1) eligibility for postage prices claimed; (2) proper preparation (and presort where required); (3) proper completion of postage statement; and (4) payment of annual fee (if required).			

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**PUBLIC NOTICE OF THE HEARING ON
MOUNT TIPTON WATER CO., INC.'S
APPLICATION FOR AN EMERGENCY RATE INCREASE
Docket No. W-02105A-08-0262**

Mount Tipton Water Co., Inc. has requested that the Arizona Corporation Commission determine whether an emergency rate increase of \$10.00 per customer should be granted. The Commission will determine whether an emergency exists and may, based on the evidence presented at hearing, deny the request or approve an interim rate either higher or lower than that requested by Mount Tipton.

The Commission will hold a **public hearing** on this request beginning **August 25, 2008, at 10:00 a.m.**, in Hearing Room #1 at the Commission's offices, 1200 West Washington Street, Phoenix, Arizona. Customers may attend the hearing and make public comments or file written comments with the Commission. Written comments may be submitted by e-mail or by mailing a letter referencing Docket No. W-02105A-08-0262 to:

Arizona Corporation Commission
Consumer Services Section
1200 West Washington St.
Phoenix, AZ 85007

For a form to use and instructions on how to e-mail comments to the Commission, go to http://www.azcc.gov/divisions/utilities/forms/public_comment.pdf. If you require assistance, you may contact the Consumer Services Section at 1-800-222-7000.

Interested parties may intervene by filing a written motion to intervene with the Commission no later than **August 18, 2008**. If representation by counsel is required by Rule 31 of the Rules of the Arizona Supreme Court, intervention will be conditioned upon the intervenor's obtaining counsel to represent the intervenor. For information about requesting intervention, visit the Commission's website at <http://www.azcc.gov/divisions/utilities/forms/interven.pdf>, or contact the Commission's Consumer Services Section at 1-800-222-7000. Failure to intervene will not preclude a customer from appearing at the hearing and making a statement on the customer's own behalf.

The application and all filings are available on the Commission's website (www.azcc.gov) using the e-Docket function.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator, Linda Hogan at Lhogan@azcc.gov, voice phone number 602-542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.

**STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION**

MOUNT TIPTON WATER COMPANY INC.

DOCKET NO. W-02105A-08-0262

**APPLICATION FOR A
EMERGENCY RATE INCREASE**

JULY 11, 2008

STAFF ACKNOWLEDGMENT

The Staff Report for the Mount Tipton Water Company Inc., ("Company") application for an emergency rate increase, Docket No. W-02105A-08-0262, was the responsibility of the Staff members listed below. Charles R. Myhlhousen was responsible for the review and analysis of the Company's application and recommended emergency rate requirements. Dorothy Hains was responsible for the engineering and technical analysis. Guadalupe Ortiz was responsible for reviewing the Commission's records on the Company and for reviewing customer complaints filed with the Commission.

Charles R. Myhlhousen

Charles R. Myhlhousen
Public Utility III

Dorothy Hains

Dorothy Hains
Utilities Engineer

Guadalupe Ortiz

Guadalupe Ortiz
Public Utilities Consumer Analyst I

EXECUTIVE SUMMARY
MOUNT TIPTON WATER COMPANY, INC.
DOCKET NO. W-02105A-08-0262

Mount Tipton Water Company Inc. ("Mount Tipton" or "Company") is a non-profit cooperative that is engaged in the business of providing public utility water service exclusively to Arizona customers in Mohave County. The Company operates a water system in a certificated area centered in Dolan Springs, Arizona and is currently providing service to approximately 742 customers. The Company service area is approximately 11 square miles.

The Company stated that it filed an emergency rate application because it is necessary for it to find a way to increase its cash flow to cover operating expenses and increase water availability to its customers.

The emergency surcharge is needed to help the Company pay past due accounts payable in the amount of \$86,831, to make needed repairs to keep the system operational and do maintenance in the amount of \$62,888, and have funds for other contingencies in the amount of \$26,032. See Schedule CRM-1.

The Company had several repair emergencies over the last two years. These consisted of leaks and breaks in the distribution system, well pumps going down, and an unexpected winter freeze. These have helped to put the Company in a difficult financial situation and short of funds.

In the month of June 2008, the Company had a leak in the distribution system, electrical problems and a pump leak which added to the difficult financial condition of the Company.

The Company also had a pump on one of its wells fail and had to be replaced. In order to do this, Mr. Jacoby, the acting president of the board loaned the Company the money for the new pump.

Situations such as the ones above bring hardship to the Company. If this type of situation continues, the Company's ability to maintain service is in serious doubt.

The Company filed an emergency rate application with the Commission on May 23, 2008. The Company is proposing a surcharge of \$10.00 per customer, per month for a period of twelve months. This would result in additional revenue of approximately \$7,420, for each month and totaling \$89,040 over 12 months. This would be in addition to the Company's current tariff. See Schedule CRM-2. This would increase the typical residential meter customer's monthly bill by approximately 29.57 percent.

Staff concurs with the Company's proposed surcharge of \$10.00 per customer, per month.

Staff recommends:

- Approval of the application using the Company's requested rate.
- The interim rates stay in affect until December 31, 2009, or until an order is issued in the permanent rate case, whichever comes first. However, if the Company's permanent rate case filing is not found to be sufficient by July 31, 2009, the interim rates shall cease on July 31, 2009.
- The interim rate be subject to refund pending the decision resulting from the permanent rate increase case required to be filed in this proceeding.
- The Company post a bond or a letter of credit with the Commission in the amount of \$89,040, with the Commission prior to implementing the emergency rate increase authorized in this proceeding.
- The Company be directed to file, within 30 days of the decision, a revised rate schedule reflecting the emergency rate increase with Docket Control, as a compliance item in this docket.
- The Company notify its customers of the revised rate, and its effective date, in a form acceptable to Staff, by means of an insertion in the Company's next regularly scheduled billing.
- The Company file a full permanent rate case no later than April 30, 2009, using a calendar year 2008 test year.
- Before the emergency rates become effective, the Company file its 2008 annual report with the Corporations Division and be in good standing.
- The Company pay the amount of past due property taxes before a decision is issued in the subsequent full permanent rate case or within 12 months from a decision in this instant case, which ever is first.
- The Company be required to develop an additional water source before adding storage.

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CALCULATION OF EMERGENCY RATES RATE BASE	SCHEDULE CRM-2

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INTRODUCTION

On May 23, 2008, Mount Tipton Water Company Inc. ("Mount Tipton" or "Company") filed an application for an emergency rate increase with the Arizona Corporation Commission ("Commission"). On June 13, 2008, a procedural order was issued setting July 25, 2008, as the date for the hearing on the application.

BACKGROUND

Mount Tipton is a non-profit cooperative that is engaged in the business of providing public utility water service exclusively to Arizona customers in Mohave County. The Company operates a water system in a certificated area centered in Dolan Springs, Arizona. The Company service area contains approximately 11 square miles.

The Company is a class C utility engaged in the business of providing potable water service.

The current rates have been in effect since September 1, 2004, per Decision No. 67162.

CUSTOMERS

The Company provides water service exclusively to Arizona customers in Mohave County. The Company provides service to approximately 742 customers. There are 697 residential, 44 commercial customers and one school.

A review of the Consumer Services Section database revealed that there were 24 complaints from year 2005, through present. The majority of the complaints were for quality of service and billing. All complaints have been resolved and closed.

ENGINEERING ANALYSIS

Staff concludes that the Company does not have adequate production capacity to service its existing customers. See the attached Engineering Report.

COMPLIANCE

According to the Corporations Division, on May 23, 2008, the Company's annual report was returned for corrections. As of June 25, 2008, the Company has exceeded its 30-day grace period for resubmitting the corrected 2008 annual report, and is therefore considered to be not in Good Standing. The Company is not in compliance with the Corporations Division.

Arizona Department of Environmental Quality has determined that the system is currently delivering water that meets the water quality standards required by the Arizona Administrative Code, title 18, Chapter 4.

The Company is not located in any Arizona Department of Water Resources ("ADWR") Active Management Area ("AMA"). ADWR has determined that the Company is in compliance with departmental requirements governing water providers and/or community water systems.

The Company is not current in its property taxes.

CONDITIONS NECESSARY FOR EMERGENCY RATE RELIEF

General conditions necessary for interim emergency rates include:

1. A sudden change that causes hardship to a company.
2. A company is insolvent.
3. A company's ability to maintain service (pending a formal rate determination is in serious doubt.

SUMMARY OF COMPANY'S JUSTIFICATION FOR EMERGENCY RATE RELIEF

According to the Company's application, its current rates do not provide sufficient revenue to enable Mount Tipton to be financially viable and there are serious doubts that the Company can maintain service.

The Company stated that it filed an emergency rate application because it is necessary and must increase its cash flow to cover operating expenses and increase water availability to its customers.

The emergency surcharge is needed to help the Company pay past due accounts payable in the amount of \$86,831, to make needed repairs to keep the system operational and do maintenance in the amount of \$62,888, and have funds for other contingencies in the amount of \$26,032. See Schedule CRM-1.

The Company had several repair emergencies over the last two years. These consisted of leaks and breaks in the distribution system, well pumps going down, and an unexpected winter freeze. These have helped to put the Company in a difficult financial situation and short of funds.

In the month of June 2008, the Company had a leak in the distribution system, electrical problems and a pump leak which added to the difficult financial condition of the Company.

The Company also had a pump on one of its wells fail and had to be replaced. In order to do this, Mr. Jacoby, the acting president of the board loaned the Company the money for the new pump.

Situations such as the ones above bring hardship to the Company. If this type of situation continues, the Company's ability to maintain service is in serious doubt.

STAFF'S ANALYSIS

Staff reviewed the emergency rate application. Staff submitted a data request to the Company to obtain additional information. Staff reviewed the additional information including un-audited financial statements. Staff had several telephone conversations with Company personnel.

Staff reviewed the Company's past management practices and financial information that were available. The Company is unable to pay current bills. The Company cannot make necessary system repairs and may not be able to continue service. The Company has past due accounts payables of \$86,831, needed repairs in the amount of \$62,888 and other cash needs for other contingencies of \$26,032. See Schedule CRM-1.

The Company is proposing a surcharge of \$10.00 per customer, per month for a period of twelve months. This would result in additional revenue of approximately \$7,420 each month and totaling \$89,040 over 12 months. This would be in addition to the Company's current tariff. See Schedule CRM-2

Staff concurs and recommends a surcharge of \$10.00 per customer, per month.

CONCLUSION

The Company's current rates do not provide sufficient revenue to pay its operating expenses and enable it to correct its production capacity and keep the system operational. The Company is not current on its property taxes, accounts payable, and cannot make needed repairs and perform required maintenance on the system.

Staff concludes that Mount Tipton's condition satisfies the criteria to qualify for emergency rates. The Company is not currently providing adequate service, and there is no reasonable expectation that it could begin to provide adequate service at existing rates. Implementation of the requested emergency rates may prevent further deterioration in the condition of this water system and the Company's finances.

The Company only requested \$89,040 in its emergency rate application not the \$175,751 that is shown on Schedule CRM-1. The \$89,040 will be enough to help the Company financially until a decision is issued in a full permanent rate case.

STAFF'S RECOMMENDATIONS

Staff recommends:

- Approval of the application using the Company's requested rate.

- The interim rates stay in affect until December 31, 2009, or until an order is issued in the permanent rate case, whichever comes first. However, if the Company's permanent rate case filing is not found to be sufficient by July 31, 2009, the interim rates shall cease on July 31, 2009.
- The interim rate be subject to refund pending the decision resulting from the permanent rate increase case required to be filed in this proceeding.
- The Company post a bond or a letter of credit with the Commission in the amount of \$89,040, with the Commission prior to implementing the emergency rate increase authorized in this proceeding.
- The Company be directed to file, within 30 days of the decision, a revised rate schedule reflecting the emergency rate increase with Docket Control, as a compliance item in this docket.
- The Company notify its customers of the revised rate, and its effective date, in a form acceptable to Staff, by means of an insertion in the Company's next regularly scheduled billing.
- The Company file a full permanent rate case no later than April 30, 2009, using a calendar year 2008, test year.
- Before the emergency rates become effective, the Company file its 2008 annual report with the Corporations Division and be in good standing.
- The Company pay the amount of past due property taxes before a decision is issued in the subsequent full permanent rate case or within 12 months from a decision in this instant case, which ever is first.
- The Company be required to develop an additional water source before adding storage.

Cash Flow From monthly profit and loss statements

	January 2008	February 2008	March 2008	April 2008	May 2008
Gross Revenue	\$ 28,167	\$ 20,697	\$ 20,897	\$ 22,574	\$ 26,312
less: Hook-up fees	2,400	-	800	275	-
net revenue	25,767	20,697	20,097	22,299	26,312
Expenses	26,779	26,745	22,036	23,359	23,997
less: Depr expense	6,163	4,730	4,730	4,790	4,790
Net operating expenses	20,616	22,015	17,306	18,569	19,207
Net Revenue less: net expenses	5,151	(1,318)	2,791	3,730	7,105
Interest expense	1,781	1,991	1,647	1743	1755
Operating income	\$ 3,370	\$ (3,309)	\$ 1,144	\$ 1,987	\$ 5,350

Cash Flow does not include past due accounts payables o \$ 86,831

	<u>Accounts Payable</u>	With Property taxes	Without Property taxes
Current		\$ 6,095	\$ 6,095
1-30 days past due		5,210	5,210
31-60 days pst due		2,707	2,707
61-90 days psst due		2,964	2,964
over 90 days past due		69,856	\$ 38,312
Total		\$ 86,831	\$ 55,288
Property taxes past due	\$ 15,232		
	16,312	\$ 69,856	A/P over 90 days
	\$ 31,544	31,544	Less: Property taxes
		\$ 38,312	Other A/P over 90 days balance

Needed Repairs and Maintenance

Clean well casing seven wells	\$ 5,250
Rebuild three transfer pumps	3,000
Peplum and install transfer pump	3,000
Bladder repair or replacement	5,000
Polly storage tank Chambers well	8,000
Polly storage tank downtown area	8,000
Move water u-haul station	5,000
Remove galvanize pipes	7,500
Replace scales	160
Secure hatches, modify ladders and man ways	940
chlorination injector valves at each well site	738
Repair portable chlorine injection pump	1,500
Replace fire hydrant	2,800
Replace company truck	6,000
application to become DWID	6,000
TOTAL	<u>\$62,888</u>
Emergency fund for other contingencies	<u>\$26,032</u>

TOTAL FUNDS NEEDED

Accounts Payable	\$ 86,831
Repairs & Maintenance	\$ 62,888
Additional unexpected emergency	\$ 26,032
TOTAL	<u>\$ 175,751</u>
The Company wants	<u>\$ 89,040</u>

Mount Tipton Water Company
W-02105A-08-0262
Emergency Rate Application 5/23/2008

Schedule CRM-2

Calculation of emergency rate charge

Company's Calculation

Number of current customers	Months	742
Proposed surcharge per customer per month		\$ 10.00
Proposed revenue generated per month		\$ 7,420.00
Proposed revenue generated for 12 months	12 \$ 7,420	<u>\$ 89,040</u>

Company is asking for the emergency rate for 12 months.

Staff's Calculation

Number of current customers		742
Staff's recommended surcharge per customer per month		\$ 10
Recommended revenue generated per month		\$ 7,420
Recommended revenue generated for 12 months	12 \$ 7,420	<u>\$ 89,040</u>

MEMORANDUM

DATE June 24, 2008

TO: Charles Myhlhousen
Public Utilities Analyst III

FROM: Dorothy Hains, P. E. DH
Utilities Engineer

RE: **Emergency Rate Increase Application for Mount Tipton Water Co., Inc.**
(Docket No. W-02105A-08-0262)

Introduction

Mount Tipton Water Co. ("Company" or "Mount Tipton") is located approximately 35 miles northeast of the City of Kingman in Mohave County. The Company's service area contains approximate 11 square miles. As of December 2007, the Company was serving approximately 750 customers. On May 23, 2008, the Company filed for an Emergency Rate increase. According to the application, the Company's request for emergency rate relief is based on "the increasing costs of daily operations" and to "increase our water availability to our customers." If the emergency rate relief request is granted, the additional funding generated would be used to complete water system repairs and upgrades.

Mount Tipton has informed Staff that ADEQ has scheduled a follow-up Operation and Maintenance inspection for a compliance status check of the above requested repairs for July 9, 2008. The Company indicated that it is concerned that ADEQ might impose a fine against the Company if the needed system repairs are not being addressed and therefore an emergency exists.

System Analysis

According to water use data submitted by the Company, the Company has eight wells producing 204 gallons per minute ("GPM"), eleven storage tanks (total capacity of 618,500 gallons), and a distribution system serving 748 service connections as of December 2007. The system lacks adequate production capacity to serve the Company's existing base of customers. However, the Company stated that additional storage capacity is needed and is planning, if the emergency rate relief is granted, to construct additional storage at an estimated cost of \$86,055.

Staff's analysis indicates that the Company's existing well production is inadequate while the Company has storage capacity to serve approximately 1,250 additional customers. According to the historical annual report data, the Company's annual average growth is only 5

customers per year. Therefore, Staff recommends that Mount Tipton develop an additional source of water as opposed to spending any relief funds constructing a new storage tank.

Arizona Department of Environmental Quality ("ADEQ") Compliance

Staff received a memorandum from ADEQ dated March 31, 2008, in which ADEQ stated that it has determined the water system is in compliance with ADEQ requirements and is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.

Arizona Department of Water Resources ("ADWR") Compliance

The Company is not located in any ADWR's Active Management Area ("AMA"). Staff received a memorandum dated June 16, 2008 from ADWR stating that ADWR has determined that Mount Tipton is currently in compliance with departmental requirements governing water providers and/or community water systems.

Arizona Corporation Commission ("ACC") Compliance

A check of the ACC Compliance Section Compliance Database indicates that there are currently no delinquencies for Mount Tipton.

Summary

Conclusions

1. ADEQ has determined the water system is in compliance with ADEQ requirements and is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.
2. A check of the ACC Compliance Section Compliance Database indicates that there are currently no delinquencies for Mount Tipton.
3. ADWR has determined that Mount Tipton is in compliance with departmental requirements governing water providers and/or community water systems.
4. Staff concludes that the Mount Tipton water system does not have adequate production capacity to serve the Company's existing base of customers.

Recommendations

1. Staff recommends that Mount Tipton develop an additional source of water as opposed to spending any relief funds granted as a result of this application on constructing a new storage tank.

MOHAVE COUNTY BOARD of SUPERVISORS

P.O. Box 7000

700 West Beale Street

Kingman, Arizona 86402-7000

Website - www.co.mohave.az.us

TDD - (928) 753-0726

District 1

Pete Byers

(928) 753-0722

Fax (928) 718-4955

e-mail: pete.byers@co.mohave.az.us

District 2

Tom Sockwell

(928) 758-0713

District 3

Buster D. Johnson

(928) 453-0724



April 25, 2008

Mike Gleason

Chairman

Arizona Corporation Commission

1300 W. Washington St. 1st Floor

Phoenix, AZ 85007-2929

Dear Chairman Gleason,

I am asking for your assistance in an important matter for some citizens in my district. I am not speaking for the complete Mohave County Board of Supervisors, but only for myself as Dist. 1 supervisor and our shared constituents.

The Mount Tipton Water Company is a very necessary service provider for the people of the Dolan Springs area. The area's water delivery infrastructure leaves a lot to be desired. And, unfortunately, the company has had some bad management in the past.

Now, both the company and the people they serve are in trouble. Mount Tipton Water Company is on the edge of bankruptcy. They owe close to \$78,000 in back taxes, which cannot be forgiven. The only way we can get them back on track is through your assistance.

They have 746 meters. An emergency surcharge of \$10 per meter would help them take care of their back taxes. Once that is paid off, we at the county could help them reorganize and save that water utility. We could then reach out and try to get them some grants to get them back on their feet.

If they don't get this emergency relief, by the time they would get a rate case together, it would be too late. Only the Arizona Corporation Commission has the ability to allow them to place this \$10 surcharge lifesaver. The majority of the Dolan Springs community is behind this effort. Of course, there are always going to be a few who don't want to pay for anything, but they will be the first to complain when they come up dry.



Mt. Tipton Water Company

P.O. Box 38
15996 N. Ironwood Drive
Dolan Springs, AZ 86441
Phone: 928-767-3713 or 767-3298
Fax: 928-767-3053

Fax

Date: July 1, 2008
FAX #: 602-542-0766
To: ACC
Dorothy Haines
From: Judy Morgan

Pages (including fax cover): 4





15996 Ironwood Drive P.O. Box 38, , Dolan Springs, AZ 86441
928-767-3713 Fax: 928-767-3053

June 26, 2008

Arizona Corporation Commission
Attn: Dorothy Hains
1200 West Washington Street
Phoenix, AZ 86441

RE: Emergency rate increase information request

Dear Dorothy,

On March 15, 2007, Andy Wilson from ADEQ inspected the MTWC system. Recommendations were made, and for various reasons, not all deficiencies have been addressed. We are concerned that a fine could be imposed because of the repairs that have not yet been addressed, therefore an emergency exists. Mr. Wilson will be making a complete inspection of the system on Wednesday, July 9, 2008 at 9:00 a.m.

Well # 5, known to the system as Chambers Well is in need of a pressure tank repair or replacement. This has been a recurring issue, and often needs attention. We are waiting on a written quote for replacement of a bladder tank. Our estimate is \$3,500.00 for that repair, plus labor to install. When this bladder stops working, approximately 200 people will be out of water, therefore an emergency exists.

One Hydrant needs replacing, this is essential to the safety of our community. The cost to replace is \$2,724.00, therefore an emergency exists.

Two transfer pumps have recently burned out. One pump has been ordered and should be here on Monday, July 7, 2008, and another on order. Cost is \$2,200.00 each. If the pump in place seizes, an emergency will exist.

Extra storage is needed. \$86,055.10 See attached sheet.

Additional sources are needed, but were not included in our report. A quote is pending.

Thank you for your consideration.

Judy Morgan

PRECISION PUMP INC

4214 BERTSOS DR

#3

LAS VEGAS, NV 89103

Estimate

Date	Estimate #
7/2/2008	806091

Name / Address
MT. TIPTON WATER PHONE: 928-767-3713 FAX: 928-762-3053 <i>Att: Judy</i>

FAXED

JUL 02 2008

			Project
Description	Qty	Rate	Total
PUMPS GOULDS 35VBK-5 FREIGHT IN	1	2,356.00 128.00	2,356.00 128.00
ANY QUESTIONS PLEASE FEEL FREE TO CALL. THANKS, <i>Jared T.</i>			Subtotal \$2,484.00
			Sales Tax (7.75%) \$0.00
			Total \$2,484.00

MT. Tipton Water Co., Inc.
May 16, 2008

K. PRICING SUMMARY

DESCRIPTION	ITEM	TOTAL
Materials and labor to install a tank per "ITEM I" of this proposal	\$ 80,052.81	\$ 80,052.81
Offloading and Staging of materials at jobsite (Within 100'Ft from tank pad)	\$ 870.00	Included
Design Engineering Submittals for Tank & Foundation	\$ 350.00	Included
Freight of materials from factory to jobsite Dolan Spring, AZ	\$ 2,800.00	\$ 2,800.00
State Sales Tax Mohave county @ 6.300%	\$ 3,202.29	\$ 3,202.29

THE TOTAL NET PRICE FOR "ITEM I" OF THIS PROPOSAL IS: \$86,055.10

Prices are valid for fifteen (15) days.

L. SPECIAL OPTIONS (See exception notes below)

DESCRIPTION	ITEM	TOTAL
Foundation	By Others	

*** Above prices are for materials only and do not include labor or sales taxes unless specifically noted.***

M. STANDARD SCHEDULE OF VALUES AND ESTIMATED SCHEDULE

%	DESCRIPTION OF SCOPE	START	COMPLETION	PAYMENT
1%	Award/Receipt of PO/Deposit:	05/23/08	05/23/08	\$ 1,000.00
15%	Submittal Delivery for Customer Approval:	05/25/08	06/22/08	\$ 12,908.27
35%	Release of Materials for Fabrication:	06/24/08	09/09/08	\$ 30,119.29
25%	Material Delivery & Crew Mobilization:	09/11/08	09/15/08	\$ 21,513.78
20%	Erection / Installation of "ITEM I" :	09/17/08	09/26/08	\$ 17,211.02
0%	Hydro-Testing & Crew Demobilization:	09/25/08	09/27/08	\$ -
4%	Project and Document Close-out:	09/28/08	09/30/08	\$ 3,302.76
100%	ESTIMATED COMPLETION DATE & AMOUNT PAID:		09/30/08	\$ 86,055.10

Note:

The schedule may be expedited if required and requested by customer. Above schedule is only an estimate and not guaranteed. Above schedule is based on submittal of the required documents, information, and scheduled payments on or before the above noted start date. Schedule is subject to changes, and may change. Weather, engineering time, fabrication time, site conditions/access, building department delays, and customer response time may affect the above schedule. Customer is responsible for providing all of the required documents and job specific information in a timely manner to avoid delays. Progress payments are due on the "actual" start date of each phase noted above and may be combined or accelerated. A 1.5% finance charge will be added to all invoices not paid on maturity.

PROPOSAL ACCEPTANCE/PURCHASE AGREEMENT

This proposal is accepted by the undersigned as noted below and hereby gives BH Tank the authorization to proceed with the engineering design for the tank(s) as noted here in this proposal. The undersigned certifies that he/she is authorized to sign and purchase the item(s) as described here in this proposal. Signature of this proposal confirms acceptance of this proposal as written including design, schedules, terms and conditions.

Accepted by: MT. Tipton Water Co., Inc.

Sincerely,
BH Tank, Incorporated
R. L. Riley
Reginald L. Riley
Bolted Tank Sales Engineer

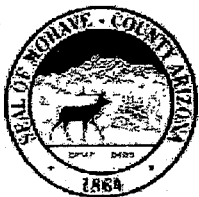
Authorized Signature

Date

Print Name

Title

BH Tank, Incorporated is a dba of BH Tank Works, Inc. Our California Contractors License Number is 692-551 Class C-51 and A.



MOHAVE COUNTY TREASURER

700 W. Beale Street ♦ P O Box 712 ♦ Kingman, AZ 86402-0712

Tel: 928-753-0737 ♦ Fax: 928-753-0788

Inside Mohave County Toll Free: 800-420-6352

Lee E. Fabrizio
Treasurer

lee.fabrizio@co.mohave.az.us

Janet Barker
Chief Deputy

janet.barker@co.mohave.az.us

April 9, 2008

MT TIPTON WATER CO INC
JUDY MORGAN/OFFICE MANAGER
PO BOX 38
DOLAN SPRINGS, AZ 86441

Reference: Parcel Number **91741110** (Centrally Assessed from **319-18-408 & 409**)

Dear Ms. Morgan:

It has recently come to our attention that property taxes for **1976 through 1997** have not been paid to either of the above mentioned parcels which are now centrally assessed. There are also taxes owing on the centrally-assessed parcel number for **2004 through 2007** taxes. Even though you may not have been the owners of these parcels at that time, the outstanding taxes have become your responsibility. The taxes follow the property, not the owner. If an individual purchased a tax lien against these parcels, it could affect the legal status of your parcel.

If you dealt with a title company when you purchased this property, the information about the balance to the previous parcels should have surfaced at that time. If a title company did handle your purchase, you may want to contact that title company and have them assist you with this problem.

Your portion of the outstanding taxes, interest, fees, and penalties amounts to **\$2,592.12** for **1976 through 1997**, and **\$74,332.93** for **2004 through 2007**, for a total of **\$76,925.05** if paid by **April 30, 2008**. If paid between **May 1, 2008** and **May 31, 2008**, the amount owing will be **\$77,786.28** Payable with cashiers check or money order **ONLY**.

We appreciate your prompt attention to this matter. If you have any questions regarding your property taxes, please feel free to call me at the extension shown below, or if you prefer, send an e-mail.

Sincerely,
Lee E. Fabrizio
Mohave County Treasurer

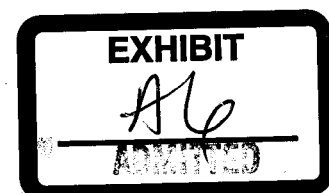
By: Cindy Leduc
Office Assistant
Ext 4122
cindy.leduc@co.mohave.az.us

JOHN A. ELIZ
GRANT
GRANT

0405
37500 37

OG
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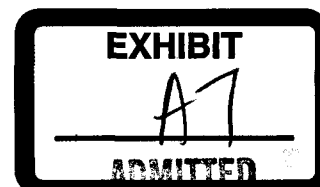
SEND LETTER OR
E MAIL TO TREAS

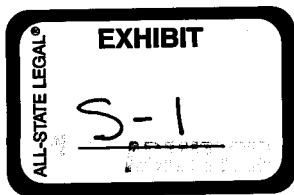


USDA Reserve
Black Flag Emergency
June 2008

Vender	Discription	Debit	Credit	Balance
USDA Reserve Transfer	Emerg. Black Flag funding		\$12,120.00	\$12,120.00
Precision Pump, Inc.	Pump for Well # 1 to be returned	\$800.00	\$800.00	
Prime Fabrication & Supply	Parts for Precision Pump to be ret.	\$201.80		
G.I.Paustell, Jr.	Water Haul to mid range	\$720.00		
G.I.Paustell, Jr.	Water Haul to mid range	\$260.00		
G.I.Paustell, Jr.	Water Haul to mid range	\$200.00		
Gary Guffey	Overtime Wages Black Flag	\$246.00		
Darrell Franklin	Overtime Wages Black Flag	\$540.80		
Julie Travis	Overtime Wages Black Flag	\$99.00		
Judy Morgan	Overtime Wages Black Flag	\$193.50		
Tim Clark	Overtime Wages Black Flag	\$606.94		
Dessert Water Svs.	Water Haul to mid range	\$747.34		
Chloride Water District	Water Haul to mid range			
Dolan Station	Gas	\$411.73		
Dennis Waller	Reimb. Mileage to Vegas	\$55.11		
Daniel Travis	Reimb. Mileage & Stipend to Tuson	\$231.75		
T&F Enterprises	Interconnection installation pump	\$240.00		
Sunflower Concrete	Repair Leaks black flag	\$310.00		
Precision Pump, Inc.	Replacement pump Less return	\$1,684.00		
Hughes Supply	Repair Parts for main line leak	\$513.90		
T&F Enterprises	Interconnection repair	\$75.00		
T&F Enterprises	Bee & P.F. Tee Repair	\$1,336.80		
TOTALS		\$9,473.67	\$12,920.00	\$12,120.00
BALANCE				\$3,446.33

THIS DOES NOT REFLECT RECENT OVER-TIME OR CHLORIDE'S BILL (2,000 AND 3,000 DOLLARS)





**STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION**

MOUNT TIPTON WATER COMPANY INC.

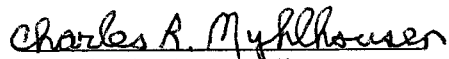
DOCKET NO. W-02105A-08-0262

**APPLICATION FOR A
EMERGENCY RATE INCREASE**

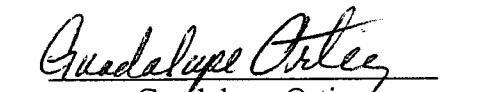
JULY 11, 2008

STAFF ACKNOWLEDGMENT

The Staff Report for the Mount Tipton Water Company Inc., ("Company") application for an emergency rate increase, Docket No. W-02105A-08-0262, was the responsibility of the Staff members listed below. Charles R. Myhlhousen was responsible for the review and analysis of the Company's application and recommended emergency rate requirements. Dorothy Hains was responsible for the engineering and technical analysis. Guadalupe Ortiz was responsible for reviewing the Commission's records on the Company and for reviewing customer complaints filed with the Commission.


Charles R. Myhlhousen
Public Utility III


Dorothy Hains
Utilities Engineer


Guadalupe Ortiz
Public Utilities Consumer Analyst I

EXECUTIVE SUMMARY
MOUNT TIPTON WATER COMPANY, INC.
DOCKET NO. W-02105A-08-0262

Mount Tipton Water Company Inc. ("Mount Tipton" or "Company") is a non-profit cooperative that is engaged in the business of providing public utility water service exclusively to Arizona customers in Mohave County. The Company operates a water system in a certificated area centered in Dolan Springs, Arizona and is currently providing service to approximately 742 customers. The Company service area is approximately 11 square miles.

The Company stated that it filed an emergency rate application because it is necessary for it to find a way to increase its cash flow to cover operating expenses and increase water availability to its customers.

The emergency surcharge is needed to help the Company pay past due accounts payable in the amount of \$86,831, to make needed repairs to keep the system operational and do maintenance in the amount of \$62,888, and have funds for other contingencies in the amount of \$26,032. See Schedule CRM-1.

The Company had several repair emergencies over the last two years. These consisted of leaks and breaks in the distribution system, well pumps going down, and an unexpected winter freeze. These have helped to put the Company in a difficult financial situation and short of funds.

In the month of June 2008, the Company had a leak in the distribution system, electrical problems and a pump leak which added to the difficult financial condition of the Company.

The Company also had a pump on one of its wells fail and had to be replaced. In order to do this, Mr. Jacoby, the acting president of the board loaned the Company the money for the new pump.

Situations such as the ones above bring hardship to the Company. If this type of situation continues, the Company's ability to maintain service is in serious doubt.

The Company filed an emergency rate application with the Commission on May 23, 2008. The Company is proposing a surcharge of \$10.00 per customer, per month for a period of twelve months. This would result in additional revenue of approximately \$7,420, for each month and totaling \$89,040 over 12 months. This would be in addition to the Company's current tariff. See Schedule CRM-2. This would increase the typical residential meter customer's monthly bill by approximately 29.57 percent.

Staff concurs with the Company's proposed surcharge of \$10.00 per customer, per month.

Staff recommends:

- Approval of the application using the Company's requested rate.
- The interim rates stay in affect until December 31, 2009, or until an order is issued in the permanent rate case, whichever comes first. However, if the Company's permanent rate case filing is not found to be sufficient by July 31, 2009, the interim rates shall cease on July 31, 2009.
- The interim rate be subject to refund pending the decision resulting from the permanent rate increase case required to be filed in this proceeding.
- The Company post a bond or a letter of credit with the Commission in the amount of \$89,040, with the Commission prior to implementing the emergency rate increase authorized in this proceeding.
- The Company be directed to file, within 30 days of the decision, a revised rate schedule reflecting the emergency rate increase with Docket Control, as a compliance item in this docket.
- The Company notify its customers of the revised rate, and its effective date, in a form acceptable to Staff, by means of an insertion in the Company's next regularly scheduled billing.
- The Company file a full permanent rate case no later than April 30, 2009, using a calendar year 2008 test year.
- Before the emergency rates become effective, the Company file its 2008 annual report with the Corporations Division and be in good standing.
- The Company pay the amount of past due property taxes before a decision is issued in the subsequent full permanent rate case or within 12 months from a decision in this instant case, which ever is first.
- The Company be required to develop an additional water source before adding storage.

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SCHEDULES

CASH FLOW	SCHEDULE CRM-1
CALCULATION OF EMERGENCY RATES RATE BASE	SCHEDULE CRM-2

ATTACHMENT

ENGINEERING REPORT	1
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INTRODUCTION

On May 23, 2008, Mount Tipton Water Company Inc. ("Mount Tipton" or "Company") filed an application for an emergency rate increase with the Arizona Corporation Commission ("Commission"). On June 13, 2008, a procedural order was issued setting July 25, 2008, as the date for the hearing on the application.

BACKGROUND

Mount Tipton is a non-profit cooperative that is engaged in the business of providing public utility water service exclusively to Arizona customers in Mohave County. The Company operates a water system in a certificated area centered in Dolan Springs, Arizona. The Company service area contains approximately 11 square miles.

The Company is a class C utility engaged in the business of providing potable water service.

The current rates have been in effect since September 1, 2004, per Decision No. 67162.

CUSTOMERS

The Company provides water service exclusively to Arizona customers in Mohave County. The Company provides service to approximately 742 customers. There are 697 residential, 44 commercial customers and one school.

A review of the Consumer Services Section database revealed that there were 24 complaints from year 2005, through present. The majority of the complaints were for quality of service and billing. All complaints have been resolved and closed.

ENGINEERING ANALYSIS

Staff concludes that the Company does not have adequate production capacity to service its existing customers. See the attached Engineering Report.

COMPLIANCE

According to the Corporations Division, on May 23, 2008, the Company's annual report was returned for corrections. As of June 25, 2008, the Company has exceeded its 30-day grace period for resubmitting the corrected 2008 annual report, and is therefore considered to be not in Good Standing. The Company is not in compliance with the Corporations Division.

Arizona Department of Environmental Quality has determined that the system is currently delivering water that meets the water quality standards required by the Arizona Administrative Code, title 18, Chapter 4.

The Company is not located in any Arizona Department of Water Resources ("ADWR") Active Management Area ("AMA"). ADWR has determined that the Company is in compliance with departmental requirements governing water providers and/or community water systems.

The Company is not current in its property taxes.

CONDITIONS NECESSARY FOR EMERGENCY RATE RELIEF

General conditions necessary for interim emergency rates include:

1. A sudden change that causes hardship to a company.
2. A company is insolvent.
3. A company's ability to maintain service (pending a formal rate determination is in serious doubt.

SUMMARY OF COMPANY'S JUSTIFICATION FOR EMERGENCY RATE RELIEF

According to the Company's application, its current rates do not provide sufficient revenue to enable Mount Tipton to be financially viable and there are serious doubts that the Company can maintain service.

The Company stated that it filed an emergency rate application because it is necessary and must increase its cash flow to cover operating expenses and increase water availability to its customers.

The emergency surcharge is needed to help the Company pay past due accounts payable in the amount of \$86,831, to make needed repairs to keep the system operational and do maintenance in the amount of \$62,888, and have funds for other contingencies in the amount of \$26,032. See Schedule CRM-1.

The Company had several repair emergencies over the last two years. These consisted of leaks and breaks in the distribution system, well pumps going down, and an unexpected winter freeze. These have helped to put the Company in a difficult financial situation and short of funds.

In the month of June 2008, the Company had a leak in the distribution system, electrical problems and a pump leak which added to the difficult financial condition of the Company.

The Company also had a pump on one of its wells fail and had to be replaced. In order to do this, Mr. Jacoby, the acting president of the board loaned the Company the money for the new pump.

Situations such as the ones above bring hardship to the Company. If this type of situation continues, the Company's ability to maintain service is in serious doubt.

STAFF'S ANALYSIS

Staff reviewed the emergency rate application. Staff submitted a data request to the Company to obtain additional information. Staff reviewed the additional information including un-audited financial statements. Staff had several telephone conversations with Company personnel.

Staff reviewed the Company's past management practices and financial information that were available. The Company is unable to pay current bills. The Company cannot make necessary system repairs and may not be able to continue service. The Company has past due accounts payables of \$86,831, needed repairs in the amount of \$62,888 and other cash needs for other contingencies of \$26,032. See Schedule CRM-1.

The Company is proposing a surcharge of \$10.00 per customer, per month for a period of twelve months. This would result in additional revenue of approximately \$7,420 each month and totaling \$89,040 over 12 months. This would be in addition to the Company's current tariff. See Schedule CRM-2

Staff concurs and recommends a surcharge of \$10.00 per customer, per month.

CONCLUSION

The Company's current rates do not provide sufficient revenue to pay its operating expenses and enable it to correct its production capacity and keep the system operational. The Company is not current on its property taxes, accounts payable, and cannot make needed repairs and perform required maintenance on the system.

Staff concludes that Mount Tipton's condition satisfies the criteria to qualify for emergency rates. The Company is not currently providing adequate service, and there is no reasonable expectation that it could begin to provide adequate service at existing rates. Implementation of the requested emergency rates may prevent further deterioration in the condition of this water system and the Company's finances.

The Company only requested \$89,040 in its emergency rate application not the \$175,751 that is shown on Schedule CRM-1. The \$89,040 will be enough to help the Company financially until a decision is issued in a full permanent rate case.

STAFF'S RECOMMENDATIONS

Staff recommends:

- Approval of the application using the Company's requested rate.

- The interim rates stay in affect until December 31, 2009, or until an order is issued in the permanent rate case, whichever comes first. However, if the Company's permanent rate case filing is not found to be sufficient by July 31, 2009, the interim rates shall cease on July 31, 2009.
- The interim rate be subject to refund pending the decision resulting from the permanent rate increase case required to be filed in this proceeding.
- The Company post a bond or a letter of credit with the Commission in the amount of \$89,040, with the Commission prior to implementing the emergency rate increase authorized in this proceeding.
- The Company be directed to file, within 30 days of the decision, a revised rate schedule reflecting the emergency rate increase with Docket Control, as a compliance item in this docket.
- The Company notify its customers of the revised rate, and its effective date, in a form acceptable to Staff, by means of an insertion in the Company's next regularly scheduled billing.
- The Company file a full permanent rate case no later than April 30, 2009, using a calendar year 2008, test year.
- Before the emergency rates become effective, the Company file its 2008 annual report with the Corporations Division and be in good standing.
- The Company pay the amount of past due property taxes before a decision is issued in the subsequent full permanent rate case or within 12 months from a decision in this instant case, which ever is first.
- The Company be required to develop an additional water source before adding storage.

Cash Flow From monthly profit and loss statements

	January 2008	February 2008	March 2008	April 2008	May 2008
Gross Revenue	\$ 28,167	\$ 20,697	\$ 20,897	\$ 22,574	\$ 26,312
less: Hook-up fees	2,400	-	800	275	-
net revenue	25,767	20,697	20,097	22,299	26,312
Expenses	26,779	26,745	22,036	23,359	23,997
less: Depr expense	6,163	4,730	4,730	4,790	4,790
Net operating expenses	20,616	22,015	17,306	18,569	19,207
Net Revenue less: net expenses	5,151	(1,318)	2,791	3,730	7,105
Interest expense	1,781	1,991	1,647	1743	1755
Operating income	\$ 3,370	\$ (3,309)	\$ 1,144	\$ 1,987	\$ 5,350

Cash Flow does not include past due accounts payables or \$ 86,831

	<u>Accounts Payable</u>	With Property taxes	Without Property taxes
Current		\$ 6,095	\$ 6,095
1-30 days past due		5,210	5,210
31-60 days pst due		2,707	2,707
61-90 days psst due		2,964	2,964
over 90 days past due		69,856	\$ 38,312
Total		\$ 86,831	\$ 55,288
Property taxes past due	\$ 15,232		
	16,312	\$ 69,856	A/P over 90 days
	\$ 31,544	31,544	Less: Property taxes
		\$ 38,312	Other A/P over 90 days balance

Needed Repairs and Maintenance

Clean well casing seven wells	\$ 5,250
Rebuild three transfer pumps	3,000
Peplum and install transfer pump	3,000
Bladder repair or replacement	5,000
Polly storage tank Chambers well	8,000
Polly storage tank downtown area	8,000
Move water u-haul station	5,000
Remove galvanize pipes	7,500
Replace scales	160
Secure hatches, modify ladders and man ways	940
chlorination injector valves at each well site	738
Repair portable chlorine injection pump	1,500
Replace fire hydrant	2,800
Replace company truck	6,000
application to become DWID	6,000
TOTAL	<u>\$62,888</u>

Emergency fund for other contingencies \$26,032

TOTAL FUNDS NEEDED

Accounts Payable	\$ 86,831
Repairs & Maintenance	\$ 62,888
Additional unexpected emergency	\$ 26,032
TOTAL	<u>\$ 175,751</u>
The Company wants	<u>\$ 89,040</u>

Mount Tipton Water Company
W-02105A-08-0262
Emergency Rate Application 5/23/2008

Schedule CRM-2

Calculation of emergency rate charge

Company's Calculation

Number of current customers	Months		742
Proposed surcharge per customer per month		\$	10.00
Proposed revenue generated per month			\$7,420.00
Proposed revenue generated for 12 months	12	\$	7,420
			<u>\$ 89,040</u>

Company is asking for the emergency rate for 12 months.

Staff's Calculation

Number of current customers			742
Staff's recommended surcharge per customer per month		\$	10
Recommended revenue generated per month		\$	7,420
Recommended revenue generated for 12 months	12	\$	7,420
			<u>\$ 89,040</u>

MEMORANDUM

DATE: June 24, 2008

TO: Charles Myhlhousen
Public Utilities Analyst III

FROM: Dorothy Hains, P. E. *DH*
Utilities Engineer

RE: Emergency Rate Increase Application for Mount Tipton Water Co., Inc.
(Docket No. W-02105A-08-0262)

Introduction

Mount Tipton Water Co. ("Company" or "Mount Tipton") is located approximately 35 miles northeast of the City of Kingman in Mohave County. The Company's service area contains approximate 11 square miles. As of December 2007, the Company was serving approximately 750 customers. On May 23, 2008, the Company filed for an Emergency Rate increase. According to the application, the Company's request for emergency rate relief is based on "the increasing costs of daily operations" and to "increase our water availability to our customers." If the emergency rate relief request is granted, the additional funding generated would be used to complete water system repairs and upgrades.

Mount Tipton has informed Staff that ADEQ has scheduled a follow-up Operation and Maintenance inspection for a compliance status check of the above requested repairs for July 9, 2008. The Company indicated that it is concerned that ADEQ might impose a fine against the Company if the needed system repairs are not being addressed and therefore an emergency exists.

System Analysis

According to water use data submitted by the Company, the Company has eight wells producing 204 gallons per minute ("GPM"), eleven storage tanks (total capacity of 618,500 gallons), and a distribution system serving 748 service connections as of December 2007. The system lacks adequate production capacity to serve the Company's existing base of customers. However, the Company stated that additional storage capacity is needed and is planning, if the emergency rate relief is granted, to construct additional storage at an estimated cost of \$86,055.

Staff's analysis indicates that the Company's existing well production is inadequate while the Company has storage capacity to serve approximately 1,250 additional customers. According to the historical annual report data, the Company's annual average growth is only 5

customers per year. Therefore, Staff recommends that Mount Tipton develop an additional source of water as opposed to spending any relief funds constructing a new storage tank.

Arizona Department of Environmental Quality ("ADEQ") Compliance

Staff received a memorandum from ADEQ dated March 31, 2008, in which ADEQ stated that it has determined the water system is in compliance with ADEQ requirements and is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.

Arizona Department of Water Resources ("ADWR") Compliance

The Company is not located in any ADWR's Active Management Area ("AMA"). Staff received a memorandum dated June 16, 2008 from ADWR stating that ADWR has determined that Mount Tipton is currently in compliance with departmental requirements governing water providers and/or community water systems.

Arizona Corporation Commission ("ACC") Compliance

A check of the ACC Compliance Section Compliance Database indicates that there are currently no delinquencies for Mount Tipton.

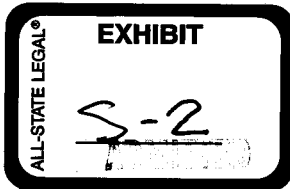
Summary

Conclusions

1. ADEQ has determined the water system is in compliance with ADEQ requirements and is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.
2. A check of the ACC Compliance Section Compliance Database indicates that there are currently no delinquencies for Mount Tipton.
3. ADWR has determined that Mount Tipton is in compliance with departmental requirements governing water providers and/or community water systems.
4. Staff concludes that the Mount Tipton water system does not have adequate production capacity to serve the Company's existing base of customers.

Recommendations

1. Staff recommends that Mount Tipton develop an additional source of water as opposed to spending any relief funds granted as a result of this application on constructing a new storage tank.



Docket # W-02105A-08-0262

FILE COPY
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
RECEIVED
LEGAL



Janet Napolitano
Governor

1110 West Washington Street • Phoenix, Arizona 85007
(602) 771-2300 • www.azdeq.gov



Stephen A. Owens
Director

August 19, 2008

AZ CORP COMMISSION
DOCKET CONTROL

Inspection ID: 123663

Mt. Tipton Water Co.
Attn: John Janek
P. O. Box 38
Dolan springs, AZ, 86441

RE: Mount Tipton Water Co, PWS: 08-059, Place ID : 5776

Dear Mr. Janek:

Please find enclosed a copy of a sanitary survey report for the above referenced facility. The inspection was performed on **July 9, and August 7, 2008**, in accordance with Arizona Administrative Code R18-4-101, et sequi, R18-5-101, et sequi, and Arizona Revised Statutes 49-101, et sequi. The report may include a summary of inspection, checklist and inspection rights form, or other information regarding the facility.

If there are any questions please contact A. T. Wilson at the referenced address, or at 928-773-2708.

Sincerely,

Robert E. "Buck" Olberding
Field Services Manager
Northern Regional Office
Arizona Department of Environmental Quality

RECEIVED

AUG 20 2008

LEGAL DIV.
ARIZ CORPORATION COMMISSION

Cc: ADEQ/WQCS

ATTN: Cynthia Campbell, Section Manager
Arizona Corporation commission- 1200 W. Washington St., Phx., AZ, 85018
ATTN: Director of the Utilities Division & Ms. Dorothy Hains, P. E.
Arizona Department of Water Resources- 3550 N. Central Ave., Phx, 85012
ATTN: Mike Ball, Sr. Compliance Enforcement Officer
MCHD/ES/Kingman-3675 E Hwy 66, Kingman, 86401
MCP&Z-same

Northern Regional Office
1801 W. Route 66 • Suite 117
Flagstaff, AZ 86001
(928) 779-0313

Southern Regional Office
400 West Congress Street • Suite 433
Tucson, AZ 85701
(520) 628-6733

Printed on recycled paper

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY
Northern Regional Office
1801 West Route 66, Suite 117, Flagstaff, Arizona 86001

INSPECTION REPORT

Facility: Mt. Tipton W. C.	System # 08-059
Inspected By: A. T. Wilson	Date: 7/09/08 IID:123663
Accompanied By: Bob Martinez-MCHD, Frank Soto-ASUA, John Janak, others	County: Mohave
Recommendations By: A. Wilson	Report Date: 8/19/08
Number of Plants: 0	Wells: 9
Population: 3900	Service Connections: 898

COMPLIANCE SUMMARY

The water system is in compliance with the following ADEQ requirements:

	YES	NO	N/A	N/E
Certified Operator (System Grade)	x			
Physical Facilities		x		
Monitoring and Reporting		x		

INSPECTION SUMMARY

The survey of the above referenced facility included:

An inspection of the physical facilities	X
Interview with personnel	X
A review of ADEQ monitoring and reporting databases	X
A review of the NRO files	X
A review of files at the facility	

The following observations and recommendations were based upon the criteria checked above:

Major Deficiencies:

Monitoring and Reporting:

1. The system currently has four unresolved monitoring and reporting violations; see the attachment. Contact the ADEQ Water Quality Compliance Data Unit at 1110 W. Washington, Phoenix, 85007, to resolve these items. Please copy the NRO with all related correspondence.

Wells;

2. ADEQ requests that the system repair and seal the direct openings into well number 1. Extra silicone sealant should be added to well # 2, 3 and 6
3. ADEQ requests that you remove the galvanized pipe and fittings from well number 1. This also applies to any other well, within the system, with galvanized pipe on the surface. This is a repeat violation.
4. In order to reduce the current level of water loss and stop the erosion around both the building base and the discharge line; ADEQ requests that you replace the auto sensor on well number 6 to prevent excess water from overflowing the storage tanks at night.
5. ADEQ requests that you repair the leak at the center well head on well number 8.
6. There is currently no security of any type at the well site for well # 9B. Consequently, ADEQ requests that you secure the well site for well # 9B; preferably with a fence that meets ADEQ Engineering Bulletin # 10 standards.

7. ADEQ has no records of either source approval sampling or Approval of Construction for any of the wells on the system. The Department requests that you furnish the ADWR well permit, well number, ADEQ source approval data and Construction Certification for each well on the system.

There is a possibility that the posted number for well # 8 actually belongs to well number 9B. Well number 9B is not listed on the system in our database, however, it is connected into the system. ADEQ requests that you furnish the same documentation for this well.

8. The well identified as "non-potable" located within the well # 8 yard is plumbed into the delivery system and was formerly used in the system. It is temporarily valved off to flow to the non-potable tanks. ADEQ practice requires that all wells which are physically connected to the system be treated as if they are in use. ADEQ requests that the water company supply the same data requested in item # 4 for this well. Additionally, supply construction data including well depth and casing screen depth.

9. Due to the location and form of these three wells (8, 9B and Non-potable) and the conditions identified in AAC R18-4-301.01 they are probably ground water under the influence of surface water(GWUI); as such they are required to be treated as surface water.

ADEQ requests that the company's Engineer conduct an MPA test and other testing which may be needed to determine whether the wells are actually GWUI or can be classified as true groundwater. If the testing determines that the sources are in fact GWUI the Engineer must submit plans for the required water treatment plant to the Drinking Water Plan Review Unit at 1100 W. Washington St., Phx., 85007 for an Approval to Construct.

Once that Approval is issued, the plant must be constructed and As-Built Plans with required closure documentation including all

testing data, disinfection data and an Engineer's certificate of Completion. The documentation must be submitted to the NRO Plan Review Unit in Flagstaff for an Approval of Construction before the plant can be placed into operation.

Tanks:

10. Downtown (Kevin's tanks); the black plastic tanks require cleaning as they have some sort of residue coating the insides of the tanks. The access portals need to be locked. The metal tank is leaking and near failure due to corrosion. It requires either extensive repair or replacement; preferably with a larger tank.
11. The transfer pump which feeds the primary storage tank for well # 5 is leaking. This condition prevents the pump from operating at its required level of efficiency. This in turn delays the sites capability to resupply the system; particularly during high demand periods. The pump requires repair or replacement.
12. The storage tank base for well # 5 is failing due to loss of the steel base retention ring. ADEQ requests that the ring be repaired or replaced and the lost base fill be replaced.
13. Mid Range Tanks; ADEQ requests that you repair the eroded tank bedding and broken bedding ring here also.

EPDS':

14. The actual EPDS' for this system are located at the discharge lines from the storage tanks. These will be at the well # 5 storage tank, Kevin's tanks, Dolan tanks, mid range tanks and the upper range tanks. ADEQ requests that the required sampling taps be installed on each actual EPDS which does not already have a tap.

Booster / Transfer Stations:

15. ADEQ requests that you repair or replace the valve packing in the leaking pump in booster station number 1. The leak is reducing the pump efficiency and contributes to the inability of the system to meet supply requirements during periods of high demand. It also contributes to the probability that the pump will fail.
16. ADEQ requests that you repair or replace the out of service booster pump at the Mid-Range booster station. The out of service pump reduces the system's ability to meet demand. Both pumps at this site are substandard for need and should be upgraded to higher capacity pumps in order to be able to refill the upper range tanks in a more expeditious period of time. 4 to 5 days to refill these tanks, even with aid from the interconnect pumps is too long a period.
17. System Interconnect; As originally constructed the connection consists of 3 inch piping and two limited capacity transfer pumps (Kevin's Station pumps). The pumps are over 40 years old and due to system growth, are now undersized for the current resupply capacity needed and the 3 inch line lacks the carrying capacity as illustrated by the systems inability, in conjunction with the mid-range booster station, to resupply the upper range tanks. ADEQ requests that the pumps in question be upgraded and the interconnect piping be increased in diameter to a size capable of handling the resupply demand.

Standpipes:

18. Downtown standpipe;

- A. ADEQ requests that a constructed air gap meeting Bulletin # 10 standards be installed in the standpipe.
- B. ADEQ requests that all galvanized piping be removed from the station.

19. Detridal (Well # 4); Although owned by the system, it is not currently plumbed into the system. Consequently it actually constitutes a separate, independent, water system. However the well acts as a source of hauled water when needed to supplement water shortages for the Mt. Tipton system.

The well will be designated by the Department as its own system. Please submit copies of all source approval sampling, well and site plans and required plan review applications to the Departments Plan Review Unit in Phoenix for an Approval to construct.

As soon as this approval is received, submit the AS-Built plans and required closure documentation to the NRO for an Approval of construction.

ADEQ recommends that prior to submittal of the plans, a constructed air gap be added top the standpipe and all galvanized pipe be removed from the site. These changes should be noted in the plans.

Minor Deficiencies:

Wells;

1. As the site is completely lacking in security, ADEQ requests that the system complete the fence around well # 7 and the storage tanks at Kevin's yard.

Booster / Transfer Stations:

2. Kevins tanks; ADEQ requests that the eroded "pit" at the discharge line from the booster station structure be back filled to protect the piping. The leaking roof for this structure is causing electrical problems with the transfer pumps and must be repaired to prevent further damage. The pumps are worn and one or both of the pumps themselves are frequently out of service and need replacement. (See item # 17.)
ADEQ requests that the pumps be replaced and upgraded.
20. ADEQ requests that the failed pump located at the Mid range transfer station be repaired and when possible both pumps should be upgraded to higher capacity pumps.

Tanks:

4. ADEQ requests that you replace the missing block and repair the tank bedding on the mid-range tanks.
5. ADEQ requests that the tank access ladder on the same tanks be secured.
6. ADEQ requests that the visual water level gauge scale on the Older upper range tank be replaced or repainted.
7. ADEQ also requests that the bedding on the older upper range tank be repaired.
8. ADEQ requests that the base ring for the storage tank for well # 5 be repaired and the lost fill be replaced.
The water flow meter for this well is not functioning, without the meter the well flow cannot be measured, ADEQ requests that the meter be repaired or replaced. .

Distribution System:

9. A portion of the overall water loss is due to leaks in the distribution system, some of these leaks are known. ADEQ requests that all locatable leaks be repaired and lines replaced as necessary.

Inspection Recommendations:

1. The system has experienced several recent water outages due to ageing equipment or substandard water line failure and the inadequate interconnection between the Dolan system and the Mount Tipton system.. ADEQ requests that the company conducts a survey of the system and determine which equipment and lines require replacement or upgrading. Particularly, the survey should locate and mark all existing valves within the distribution system which cannot now be located. Those valves which have failed should be replaced.

Delivery mains in the distribution system vary from 1.5 inches to 6 inches in diameter. Many of the old lines are very long and are "dead-end" lines that require extra maintenance and result in monthly water loss. Consideration should be given to replacing the small diameter mains and looping as many of the mains as possible to enhance efficiency of delivery and reduce maintenance.

According to the data submitted to the Department by the system, within the last 12 months the system has "lost" over 12 million gallons of water due to leaks and faulty service meters.

The replacement of these meters should be a priority as the additional income from the recovered loss through the meters will help alleviate the financial shortfalls that the system is experiencing.

The construction of the surface water treatment plant (if required) should enable the system to bring the "non-potable" well back on line..

The survey information should be used to help develop a Master Plan for the system. This plan should be developed under the supervision of a Professional Engineer registered in the State of Arizona. It should indicate current conditions and make proposals for future developments to bring the system into compliance with professional engineering standards and all current Departmental Rules. It should also develop requirements and feasibility of bring the Detrital Well (# 4) into the system.

2. ADEQ requests that all exposed PVC pipe in the system should be wrapped or painted to protect it from UV exposure.
3. ADEQ requests that you secure the electrical controls for the wells and the booster stations. This request also applies to all other sites on the system. This is necessary to protect the controls from tampering or other vandalism.
4. ADEQ requests that all access hatches on all storage tanks be sealed with appropriate air and insect tight seals. The access ports for the visual gauge cables and any electronic cable ports also should be sealed.
5. ADEQ requests that all overflow lines from the storage tanks be sealed with either 16 gauge screen, or flapper valves to prevent insect intrusion into the tanks.
6. Cumulative grading of the drainage surface from Pierce Ferry Road Has apparently resulted in lowering of the ground level over the buried mains that parallel the road. Vibration and weight transfer from the heavy bus and truck load now on the road is resulting in line failure in these mains.
ADEQ requests that as part of the Master Plan, the lines be relocated, placed into deeper trenches and buffered against further wear from road traffic.

7. ADEQ requests that the site gauge on the pressure tank for well number 5 be repaired or replaced.
8. The original plans for well # 5 called for a 60,000 gallon storage tank. A 10,000 gallon tank was installed instead. This storage capacity is proving inadequate to system needs. ADEQ requests that the storage tank be upgraded to the planned 60,000 gallon tank.
9. ADEQ requests that you rotate the well vents on well # 1 and # 3 so that the vent opening is not vulnerable to weather events (rain, etc.). This requirement also applies to those other sites with the same problem.
10. ADEQ requests that you remove the corrosion or replace the sampling tap for well # 1.
11. ADEQ requests that you replace the $\frac{3}{4}$ inch threaded pipe nipple on well number 2 as the existing one is loose.
12. ADEQ requests that the sampling tap for well # 3 be replaced.
13. ADEQ requests that you repair or replace the meter on the discharge line for well # 5.
14. ADEQ requests that Chlorine injector valves be installed on the discharge line from each well and that a portable standby chlorinator and chemicals be purchased to be used when needed.

Facility Response Guidelines:

- 1) Within 30 days please bring to the attention of ADEQ any determinations you believe are in error.
- 2) Major Deficiencies are subject to a Notice of Violation (NOV), whereas Minor Deficiencies are subject to a Notice of Opportunity to Correct (NOC). Inspection recommendations may be implemented at the discretion of the facility in order to improve system operation. NOC's may be escalated to NOV's, where it is judged to be appropriate, such as, but not limited to, situations where repeated violations have occurred or it is deemed necessary for public health.

SYSTEM DESCRIPTION:

This community system consists of 9 wells, at least two of which are spring wells, 10 storage tanks of assorted size, 2 pressure tanks, 4 booster / transfer stations and a 3 pressure zone distribution system.

Arizona Department of Environmental Quality	Water Quality Division	Safe Drinking Water
County Map of Arizona	Water System Search	
Water System Detail Information		
Water System No.:	AZ0408059	Federal Type: C
Water System Name:	MT TIPTON WATER CO INC	Federal Source: GW
Principal County Served:	MOHAVE	System Status: A - MA
Principal City Served:	DOLAN SPRINGS	Activity Date: 05-01-1

Group Violations								
Fed Fiscal Year	Comp Prd Begin Date	Comp Prd End Date	Sample Point	Viol Type	Violation Name	Comp Achieved	Analyte Group	Analyte Group
2008	01-01-2004	12-31-2007	EPDS010	03	MONITORING, ROUTINE MINOR	Y	RADS	RADS
2005	01-01-2004	12-31-2004	EPDS004	03	MONITORING, ROUTINE MAJOR	Y	VOCD	DATA ENTR VOCS
2002	01-01-2001	12-31-2001	EPDS004	03	MONITORING, ROUTINE MAJOR	Y	VOCS	VOCS W/O \ CHLOR

Individual Violations								
Violation No.	Comp Prd Begin Date	Comp Prd End Date	Sample Point	Viol Type	Violation Name	Comp Achieved	Analyte Code	Analyte Name
2008-17760	06-01-2008	06-30-2008		23	MONITORING (TCR), ROUTINE MAJOR	N	3100	COLIFORM (TCR
2008-17758	04-01-2008	06-30-2008	EPDS002	03	MONITORING, ROUTINE MAJOR	N	1040	NITRATE
2008-17759	04-01-2008	06-30-2008	EPDS010	03	MONITORING, ROUTINE MAJOR	N	1040	NITRATE
2008-17757	05-01-2008	05-31-2008		23	MONITORING (TCR), ROUTINE MAJOR	N	3100	COLIFORM (TCR
2008-17754	01-01-2004	12-31-2007	EPDS011	03	MONITORING, ROUTINE MINOR	Y	4030	RADIUM-228
2008-17756	01-01-	12-31-	EPDS011	03	MONITORING, ROUTINE MINOR	Y	4010	COMBINED RAD 226 & -228)

Andy T. Wilson

From: Denise [denisengary@citlink.net]
Sent: Wednesday, August 06, 2008 4:50 PM
To: Andy T. Wilson
Subject: GPM OF WELLS

Well #

- 5 Chambers well 23 gpm
- 1 OFFICE WELL 22 GPM
- 2 Iron Well 18 GPM
- 6 Field Well 25 GPM AKA: Tom White REAR well
- 7 Tank Well 40 GPM AKA: Tom White FRONT Well
- 3 LDS Well 10 GPM
- # 8 Well 10 GPM
- #9 Well 900 GPD
- #9B Well 18 GPM

I took these reading on 3/19/08

I hope that this will help you.

Gary Guffey

		12 MONTH PERIOD	
		June 2007- June 2008	
WATER PUMPED BY MONTH		WATER SOLD BY MONTH	
6/30/2007	3191540	2305420	
7/31/2007	1657620	1689350	
8/31/2007	2095450	2007460	
9/30/2007	1235460	3535880	
10/31/2007	3904359	2637600	
11/30/2007	2565870	2784540	
12/31/2007	2685830	1602970	
1/31/2008	3503843	3097403	
2/29/2008	2814776	2097490	
3/31/2008	3140634	2618250	
4/30/2008	7827720	2907350	
5/31/2008	4299503	3690590	
6/30/2008	4645330	3888645	
7/31/2008	7606830	4259540	
	51174765	39122488	

ADEQ Review

7/9/08

Request of Information

Based on June, 2008 Reports

ARIZONA DEPARTMENT OF
ENVIRONMENTAL QUALITY
NORTHERN REGIONAL OFFICE

08 JUL 21 PM 1:38

Water Supply: The Mt. Tipton Water Co., Inc. has the following water producing capacity:

Well #	Production GPM
1	20
2	19
3	10
4	Not in Service— DETRITAL well
5	22
6 > OLD Dolan Wells	14
7 >	21
8— SPRING well	21
9	12
9B— SPRING well	18
Total Water producing capacity:	139 gpm 157

These figures are based on calculations done in 2007.

Holding Capacity: The Mt. Tipton Water Co., Inc. has the following holding capacity identified by site:

Site	Holding Capacity	# OF TANKS
Chambers	10K	2
Chambers Hydro Tank	600	
Upper Tanks	250K	2
Mid range Tanks	135K	2
Dolan Tanks	75K	2
White Drive Tanks	25.5K	3

Water Demand: Based on the June, 2008 end of the month reports, water sold for the month was 3,888,645 gal. This is an average of 5,276 gallons to 737 active meters. The number of meters varies during each month as accounts open and close. Of these 737 meters, 113 have 0 usages. Many of these 113 will become active over the next few years. In addition to the active meters, the Mt. Tipton Water Co., Inc. has many meters which are inactive vacant or unoccupied lots.

Transmission and Distribution Water Lines: Mt. Tipton Water Co., has water lines ranging from 1.5" to 6" water lines. Many of our lines are long or dead end lines that are too small in diameter. The dead end lines require maintenance and water loss each month.